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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 08/04/08

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- 1) Sit in at Hiroshima of atomic-bomb victims, foreign representatives of peace groups protest remark by U.S. Ambassador to Japan justifying the dropping of atomic bombs on Japan

AKAHATA (Page 1) (Full)
August 4, 2008

(Photo shows a peace groups staging sit in at the Peace Park in Hiroshima City with banner reading: "We protest the remark by U.S. Ambassador to Japan Schieffer, "Dropping of atomic bombs saved many more lives.")

The peace groups, Hiroshima Prefecture Gensuikyou (headed by Masanobu Omori) and the Hiroshima Prefecture Hidankyou (headed by Kazushi Kaneko), staged a sit in yesterday in front of the memorial to atomic bomb victims in the Peace Park in Hiroshima City to protest a remark by U.S. Ambassador to Japan Schieffer the dropping of atomic bombs on Japan "were necessary to hasten the end of the war." The sit in was joined by foreign representatives who had come to Hiroshima to attend the 2008 international rally and convention to ban nuclear weapons. The sit in was staged in 35 degree heat, displaying a banner protesting the statement, "Dropping atomic bombs saved many more lives." A protest letter was sent to Ambassador Schieffer that went: "The dropping of atomic bombs was in inhuman act that violated international law. They cannot be justified for any reason whatsoever."

Gensuikyou head Omori said: "The Schieffer remark can be said to be an official statement of the U.S. government. It is a major setback for the move to ban nuclear weapons." From the foreign visitors, one

representative said: "With the dropping of the bombs, the Cold War started. What Schieffer should do is to seriously study and learn that. He should come here and apologize."

The statement by Ambassador Schieffer occurred in a city in Fukuoka Prefecture in answer to a question after his lecture to high-school students.

2) Fukuda shuffles cabinet, apparently keeping in mind Lower House election, picks Aso as secretary general, expecting him to lead LDP

ASAHI (Top Play) (Lead paragraph)
August 2, 2008

Prime Minister Fukuda launched his new cabinet last night. In picking new cabinet members and Liberal Democratic Party executives, Fukuda apparently kept in mind the next general election, as seen from the selection of Taro Aso as "the poster-boy" for the LDP. In

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terms of policies, as well, he gave priority to such challenges as dealing with soaring commodity prices and buoying up the economy, shifting his policy priority away from structural reform. Even so, unless such a change in his policy course contributes to boost his government, he may promptly lose his grip on power and become unable to exercise his right to dissolve the House of Representatives.

Fukuda shifts away from reform line

The new lineup shows that the government has turned away from the structural policy line that was promoted by the Koizumi and Abe administrations. Given skyrocketing gasoline and food prices, uncertainty is now looming large over an economic recession. Under such a circumstance, the new lineup reflects the government's desire to shift to policies that will be favorably taken by the voters, with an eye on the next general election.

Finance Minister Ibuki and Economy, Trade and Industry Minister Yosano, those responsible for the government's economic and fiscal policies, are regarded as advocates of fiscal reconstruction. They insist that since expenditure cuts have their limits, discussion of a consumption tax hike must be proactively conducted in order to strengthen social security and other services for the people.

For the posts related to economic and fiscal policies, Fukuda tapped lawmakers who draw a line with market-oriented structural reform line, including Land, Infrastructure, and Transport Minister Tanigaki. At the outset of a press conference yesterday, Fukuda also categorically said: "I would like to come up with a lineup that is capable of implementing policies whereby the people can feel the improved quality of their lives."

Fukuda also appointed Kosuke Hori as Policy Research Council chairman and Seiko Noda as consumer policy minister, both of who opposed the privatization of postal services and once bolted the LDP but returned to the party under the Abe administration. Among those who left the party over the postal issue but returned to it, Hori and Noda are the first members who assumed one of the four key party posts or joined the cabinet.

Meanwhile, no key post has been given to former Secretary General Hidenao Nakagawa, who supported the Koizumi and Abe administration and insisted on the need to give priority to economic growth and spending cuts. Former Administrative Reform Minister Yoshimi Watanabe and former Economic and Fiscal Policy Minister Hiroko Ota are said to have views close to Nakagawa's, but both have also left the cabinet.

Attributing the ruling camp's crushing defeat in the House of Councillors election in July of last year to the structural reform policy line, many ruling members were calling on Fukuda to change his policy course. Even while giving consideration to the side-effect of reform, the prime minister has continued to raise the slogan of reform out of fear about a further drop in public support for his cabinet. But in the run-up to a general election, he seems to have taken one step toward a policy change in term of lineup,

first.

3) Average age of ministers 62: Five first-time ministers

YOMIURI (Page 4) (Excerpts)
August 2, 2008

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Average age higher than that of previous cabinet

The average age of newly appointed ministers, including Prime Minister Fukuda, is 62, which is higher than the previous cabinet's 60.2. This is because priority has been given to the appointments of experienced veterans. The oldest minister is the prime minister at 72, followed by Finance Minister Ibuki, 70. The youngest are State Minister in charge of Consumer Affairs Noda and Defense Minister Hayashi. Both are 47 years old.

One from private sector

There are five first-time ministers, compared with one in the previous cabinet. The number of ministers from the private sector decreased from two to one.

Distribution of cabinet posts

	Abe cabinet	Shuffled Abe cabinet	Fukuda cabinet	Shuffled Fukuda cabinet
Machimura faction	4	1	2	2
Tsushima faction	2	3	4	1
Koga faction	4	2	2	3
Yamasaki faction	1	2	2	2
Ibuki faction	2	1		1
Aso faction	1			1
Nikai faction		1	1	1
Koumura faction		1	1	1
Independent		3	2	3
New Komeito		1	1	1
Private sector		1	2	2

4) Fukuda denies early Lower House dissolution, playing up plan to implement policies

ASAHI (Page 4) (Lead paragraph)
August 2, 2008

After shuffling the LDP executive lineup and his cabinet, Prime Minister Yasuo Fukuda held a press conference at the Prime Minister's Official Residence (Kantei) on the night of August 1. Asked whether he would dissolve the Lower House for a snap general election under the new cabinet lineup, Fukuda ruled out an early Diet dissolution, revealing a plan to give top priority to implementing policies. He said: "The socioeconomic situation is such that policies must be implemented rather than talking about Lower House dissolution. The situation does not allow me to consider dissolving the Lower House immediately."

5) Koga retracts statement on early Lower House dissolution

ASAHI (Page 2) (Full)
August 4, 2008

In a speech in Omuta City, Fukuoka Prefecture yesterday, Makoto Koga, the Liberal Democratic Party's Election Committee chairman, said: "If the Lower House is dissolved for a snap election under the current situation, the outcome may be disastrous. In order for the ruling coalition to win the election, the sole way is to make efforts to get the people to realize that the cabinet will put them at ease."

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On the timing for dissolving the House of Representatives, Koga had

echoed the New Komeito's insistence on late this year or early next year, but he said in the speech: "I had said until recently sometime between late this year or early next year, but I have to change the remark into one suggesting sometime very close to the expiration of the members' term." He indicated that time is needed to work out economy-boosting measures following the shuffle of the cabinet.

6) Yosano to serve as control tower for economic policy: Distancing himself from those who attach importance to economic growth; Appointment of former postal rebels likely to dim Koizumi reform policy

NIKKEI (Page 3) (Excerpts)
April 2, 2008

Former Chief Cabinet Secretary Kaoru Yosano, who is well-versed in policy matters, has assumed the post of state minister in charge of economic and fiscal policy. He will once again play the role of the central command of economic policy as the fixer of the Council on Economic and Fiscal Policy, whose presence has been declining as the ruling parties and government agencies increase pressure.

He is expected to play a leading role in the management of the economy in cooperation with Secretary General Taro Aso, with whom he has a deep relationship of trust.

Since he is a prominent advocate of fiscal reconstruction, he will likely firmly maintain the government goal of putting the primary balance back into the black.

Regarding the tax code, he has called for concrete discussions of a hike in the consumption tax. Bunmei Ibuki, who took office as finance minister and has previously served as the chairman of the subcommittee of the Liberal Democratic Party Tax System Research Commission, is also known as an advocate of fiscal reconstruction. This could affect discussions of reforming the tax code starting in the fall.

Kosuke Hori, who took office as Policy Research Council, is an influential figure among education and agriculture policy experts in the Diet, who are calling for a positive increase in expenditures.

Aso during a press conference said, "Economic stimulus measures are a key policy that would lead to buoying up the administration."

Among those who attach importance to economic growth and are in confrontation with Yosano over the restoring of fiscal health is Toshihiro Motegi, who holds the post of state minister for administrative reform. However, former Secretary General Hidenao Nakagawa, leader of those calling for economic growth, has again not been given a cabinet post.

Yosano is negative toward the idea of increasing tax revenues through higher economic growth, as called for by Nakagawa. He is also cautious about implementing more thorough administrative reform. Some take the view that the stand of those who want to maintain the Koizumi reform policy line will now become difficult to promote.

7) Spot poll: Cabinet support rebounds to 41 PERCENT

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YOMIURI (Top play) (Abridged)
August 3, 2008

The Yomiuri Shimbun conducted a telephone-based nationwide public opinion survey from the evening of Aug. 1 through Aug. 2, in which the rate of public support for the new cabinet of Prime Minister Fukuda was 41.3 PERCENT and the nonsupport rate was 47.0 PERCENT. The figures cannot be compared simply with those in the past surveys but changed for the better from the 26.6 PERCENT approval rating and the 61.3 PERCENT disapproval rating in this July's face-to-face survey taken July 12-13. Fukuda appointed Taro Aso to the post of secretary general for his ruling Liberal Democratic Party. In the survey, respondents were asked if they supported this appointment.

To this question, "yes" totaled 66 PERCENT . The figure shows that public expectations for improving the ability to carry out policy measures with the appointment of a heavyweight pushed up public support for the Fukuda government.

In the breakdown of public support for political parties, the LDP stood at 35.1 PERCENT , with the leading opposition Democratic Party of Japan (Minshuto) at 24.6 PERCENT . The figures showed no marked changes from this July's face-to-face survey (27.2 PERCENT for the LDP, 18.8 PERCENT for the DPJ).

8) Poll: Cabinet support rises to 38 PERCENT

NIKKEI (Page 1) (Abridged)
August 4, 2008

The Nihon Keizai Shimbun and TV Tokyo conducted a joint spot poll on Aug. 2-3 in the wake of Prime Minister Yasuo Fukuda's shuffling of his cabinet. In the poll, the rate of public support for the new Fukuda cabinet was 38 PERCENT , up 12 percentage points from the last poll taken in late June. The nonsupport rate was 49 PERCENT . It still remains high but was down 14 points from the last survey. The public saw the new Fukuda cabinet as an ability-oriented one. This apparently had a favorable impact on the support rate. The ruling Liberal Democratic Party stood at 37 PERCENT in public support, up 1 point. The leading opposition Democratic Party of Japan (Minshuto) was at 33 PERCENT , down 2 points.

The LDP outstripped the DPJ for the second time in a row. The gap between the two parties was 1 point in the last survey but increased to 4 points in the latest poll.

The survey was taken by Nikkei Research Inc. by telephone on a random digit dialing (RDD) basis. For the survey, samples were chosen from among men and women aged 20 and over across the nation. A total of 1,402 households with one or more eligible voters were sampled, and answers were obtained from 856 persons (63.8 PERCENT).

9) Poll: Cabinet support up 3 points to 25 PERCENT

MAINICHI (Top play) (Abridged)
August 3, 2008

In the wake of Prime Minister Yasuo Fukuda's shuffling of his cabinet and his ruling Liberal Democratic Party's executive lineup, the Mainichi Shimbun conducted a telephone-based spot nationwide public opinion survey on Aug. 1-2. The rate of public support for

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the new Fukuda cabinet, which was formally launched yesterday, was 25 PERCENT , up 3 percentage points from the last survey conducted in July. In the survey, respondents were asked if they would positively evaluate the Fukuda cabinet's new lineup and the LDP's. To this question, 56 PERCENT answered "no." Respondents were also asked if they thought that the cabinet shuffle clearly showed Fukuda's political philosophy, and 72 PERCENT answered "no." The figures show that the cabinet and LDP shuffles did not necessarily lead to boosting the Fukuda government.

The nonsupport rate for the new Fukuda cabinet was 52 PERCENT , a decrease of 2 points from the last survey. The proportion of those "not interested" was 21 PERCENT , remaining the same as in the last survey.

In the breakdown of public support for political parties, the LDP stood at 24 PERCENT , up 2 points. The leading opposition Democratic Party of Japan (Minshuto) was also at 24 PERCENT , down 1 point. However, 46 PERCENT chose the DPJ, with 31 PERCENT picking the LDP, when asked which political party between the LDP and the DPJ they would like to see win in the next election for the House of Representatives. The gap between the LDP and the DPJ has narrowed from 27 points in a survey taken in May when the government's newly introduced healthcare system for the elderly came under attack. It also narrowed from 21 points in the last survey.

10) Poll: Cabinet support levels off at 24 PERCENT

ASAHI (Top play) (Abridged)
August 3, 2008

In the wake of Prime Minister Fukuda's shuffling of his cabinet, the Asahi Shimbun conducted a telephone-based spot nationwide public opinion survey on Aug. 1-2. The approval rating for the new Fukuda cabinet was 24 PERCENT , remaining unchanged from the 24 PERCENT rating in the last survey taken July 12-13. The disapproval rating was 55 PERCENT (58 PERCENT in the last survey). Fukuda appointed Taro Aso to the post of secretary general for his ruling Liberal Democratic Party. In the survey, 51 PERCENT supported this appointment, with 29 PERCENT saying they do not.

Respondents were also asked which political party they would vote for in their proportional representation blocs if they were to vote now in an election for the House of Representatives. To this question, 25 PERCENT chose the LDP, with 32 PERCENT preferring the leading opposition Democratic Party of Japan (Minshuto). In this June's survey, the LDP was at 23 PERCENT , with the DPJ scoring 36 PERCENT . The gap between the two parties has narrowed. However, the DPJ is still above the LDP.

In the breakdown of public support for political parties, the LDP stood at 23 PERCENT (26 PERCENT in the last survey), with the DPJ at 22 PERCENT (24 PERCENT in the last survey).

11) Kyodo News opinion poll finds 31 PERCENT support for shuffled Fukuda cabinet. But 48 PERCENT of public prefer a DPJ-centered administration

TOKYO SHIMBUN (Top play) (Full)
August 3, 2008

With Prime Minister Yasuo Fukuda's shuffle of his cabinet and the

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Liberal Democratic Party (LDP) executive posts, Kyodo News carried out a telephone-based nationwide spot public opinion survey from the evening of Aug. 1 through Aug. 2. The poll showed the support rate of the new cabinet to be 31.5 PERCENT , a 4.7 PERCENT rise from the previous poll in July. The non-support rate for the cabinet dropped 5.4 points to 48.1 PERCENT . On the other hand, regarding the framework of the administration preferred by the public, close to half or 48.2 PERCENT said they favored a Democratic Party of Japan-(DPJ) centered one, an increase of 2.9 points from July, while only 34.8 PERCENT supported an LDP-centered administration, a drop of 3.6 points.

Although the appointment of Taro Aso as LDP secretary general and a strong cabinet made up of veteran lawmakers received a certain level of appreciation, the poll still showed that the public is increasingly seeking a change in administration. Prime Minister Fukuda is likely to continue to be forced to run his government under severe circumstances.

Asked about the lineup in the new cabinet, 37.9 PERCENT of the public picked the answer, "They do not project anything different." Only 3.7 PERCENT chose, "It is a fresh cabinet, not fettered by factions." A small percentage, 7.7 PERCENT , chose, "I sense there is an eagerness to carry out reforms."

As for party-support rates, the LDP and DPJ in the last survey were dead even at 28.6 PERCENT , but this time, the DPJ increased to 30.2 PERCENT , while the LDP remained the same at 28.7 PERCENT .

On the extension of the Maritime Self-Defense Force's (MSDF) refueling mission in the Indian Ocean, a hot issue in the upcoming extra Diet session, a majority or 52.4 PERCENT said they opposed such a bill, while another 34 PERCENT said they approved it. When asked when they expected the Lower House election to be held, 37.6 PERCENT thought it would be later this year.

As for reasons for supporting the Prime Minister the most favored answer with 45.7 PERCENT was, "There is no other appropriate person

around." The most favored reason for not supporting the Prime Minister, with 32.6 PERCENT , was the answer, "I have no expectations of his economic policies." As for the agenda of the new cabinet, the most picked choice (29 PERCENT) was "economy and jobs," followed by "social security, including pensions" (28.6 PERCENT), and then by "income disparity issue" (11.5 PERCENT).

Support rates for parties other than the LDP and DPJ: the New Komeito had 3.4 PERCENT ; the Japanese Communist Party had 2.9 PERCENT ; the Social Democratic Party, 1.7 PERCENT ; Peoples New Party, 0.5 PERCENT , and New Party Japan, 0.7 PERCENT .

12) Aso ranks first at 20 PERCENT in popularity ranking for post-Fukuda premiership

NIKKEI (Page 2) (Full)
August 4, 2008

In a recent spot poll conducted by the Nihon Keizai Shimbun and TV Tokyo, respondents were asked who they thought would be appropriate for prime minister in the future. To this question, Taro Aso, the new secretary general of the ruling Liberal Democratic Party, ranked first at 20 PERCENT . The same question was asked in a survey taken in May, and Aso topped all others at 21 PERCENT in that survey. He

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has now become LDP secretary general. Its effects did not show in the survey this time, but he is still above all others.

Former Prime Minister Junichiro Koizumi ranked second at 13 PERCENT , followed by Ichiro Ozawa, president of the leading opposition Democratic Party of Japan (Minshuto), at 10 PERCENT . Koizumi and Ozawa stood at the same rankings and popularity ratings as in the May survey. Prime Minister Yasuo Fukuda rose from 4 PERCENT in May to 8 PERCENT in the latest survey.

DPJ Vice President Naoto Kan was at 8 PERCENT . Land, Infrastructure and Transport Minister Sadakazu Tanigaki and former DPJ President Katsuya Okada were at 5 PERCENT , followed by former Defense Minister Yuriko Koike at 4 PERCENT .

13) Poll: 48 PERCENT opposed to continue MSDF mission in Indian Ocean

NIKKEI (Page 2) (Full)
August 4, 2008

The Nihon Keizai Shimbun conducted a joint spot poll with TV Tokyo in the wake of Prime Minister Yasuo Fukuda's shuffling of his cabinet. In the survey, respondents were asked if Japan should continue the Maritime Self-Defense Force's current refueling mission in the Indian Ocean after the Antiterrorism Special Measures Law expires in January next year. To this question, 48 PERCENT answered that the MSDF mission there should be discontinued then, with only 36 PERCENT saying it should be continued. The government plans to revise the law at the next extraordinary Diet session to extend the MSDF mission. However, the opposition parties are opposed to the legislation. There are also cautious views in New Komeito, the ruling Liberal Democratic Party's coalition partner.

In a previous poll taken in December 2007 after the MSDF was temporarily recalled from the Indian Ocean, 44 PERCENT said Japan should not resume the MSDF's Indian Ocean refueling mission, with 39 PERCENT saying Japan should resume it.

14) Prime Minister Fukuda in press conference did not mention whether bill extending MSDF refueling mission would be presented to the Diet or not

TOKYO SHIMBUN (Page 2) (Excerpt)
August 2, 2008

Prime Minister Yasuo Fukuda in his press conference at the official residence following his shuffling of his cabinet, stated his view that it was necessary to extend the refueling mission of the Maritime Self-Defense Force (MSDF) in the Indian Ocean: "We cannot

ignore a problem which has caused great losses for concerned countries." On the other hand, on the question of whether he would be presenting a bill to the extraordinary session of the Diet this fall extending the anti-terrorism special measures law, he avoided mentioning anything specific, only saying, "We are considering the specific handling of this, so we are not at the stage of my announcing anything."

15) Sasagawa cautious about refueling operation in Indian Ocean

TOKYO SHIMBUN (Page 2) (Full)
August 4, 2008

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The New Antiterrorism Special Measures Law, the law that serves as the basis for the Maritime Self-Defense Force's (MSDF) refueling operation in the Indian Ocean, expires in January next year. Takashi Sasagawa, General Council chairman of the Liberal Democratic Party (LDP), during a Fuji TV talk show on August 3 indicated a cautious stance toward an extension of the law, noting, "The Democratic Party of Japan (DPJ or Minshuto) is not opposing Japan taking measures to ensure the safety of oil coming from Arab countries, and it is necessary for MSDF vessels to do that job. There may be a gap between this job and refueling operations."

Sasagawa stressed that it would be difficult to obtain the public's understanding regarding continuing the refueling operation when crude oil prices are surging. He said, "The domestic situation this year is completely different from the situation last year."

16) Fukuda administration's foreign policy faces difficulty in relations with U.S.; Takeshima, too, remains contentious issue

NIKKEI (Page 2) (Abridged)
August 2, 2008

The new Fukuda cabinet has been launched bearing a heavy workload on the diplomatic front, as well. In particular, the administration faces a number of difficult problems in relations with the United States, such as extending the Maritime Self-Defense Force's (MSDF) refueling mission in the Indian Ocean. The standoff with South Korea over the Takeshima (Dokdo) isles, as well, shows no sign of abating. With the appointment of Taro Aso as Liberal Democratic Party (LDP) secretary general, who has a different foreign policy line than Prime Minister Fukuda, some observers are worried whether the two will be able to cooperate.

"Next January, we will likely face a big crisis in our Asia diplomacy, centering on our relations with the United States," said a senior Foreign Ministry official, echoing the views of others in the ministry who see the Fukuda administration's relationship with the U.S. as a spark ready to ignite. In addition to the refueling services in the Indian Ocean which expire by law in January, there is no prospect in sight for dispatching the Self-Defense Forces to mainland Afghanistan, as the government had been considering.

The U.S. is in a political season culminating in November with the presidential election and the inauguration of a new administration next January. A government source spoke for many others by stating, "If the refueling mission is withdrawn, and the contribution planned for the Afghan mainland is not in train, Japan-U.S. relations by the end of this year will likely to grow ugly."

The standoff between Japan and the Republic of Korea over the Takeshima issue, too, is filled with the danger of undermining the entirety of Fukuda's Asia diplomacy. This fall, there is supposed to be a summit meeting held in Tokyo between Japanese and South Korean leaders, the first for the two in Japan. But according to a diplomatic source connected to the bilateral relationship, there is a possibility that "South Korean President Lee could possibly cancel his trip to Japan." The confrontation between Japan and the ROK could impact adversely on their policy cooperation toward North Korea.

17) U.S. submarine leaked radiation since its port call at Sasebo in

March; level not harmful

ASAHI (Page 1) (Abridged)
Evening, August 2, 2008

Washington

The U.S. Navy announced on August 1 that there was a possibility that the USS Houston, a Los Angeles-class fast attack submarine, leaked minute amounts of radiation for several months, including during its port call at Sasebo, Nagasaki Prefecture, in March and April and its navigation in waters around Japan.

U.S. CNN reported on the matter, and the U.S. Navy public relations office confirmed the fact in the Asahi Shimbun's question about it. The level of leakage is so low that there is no danger of causing any damage but for the maintenance of transparency, the U.S. Navy notified the Japanese government of the fact on July 31, U.S. Eastern time, according to the U.S. Navy public relations office. The U.S. Navy also notified the fact to Guam and Hawaii where the submarine visited in May.

The radiation leak was found during the Houston's regular inspection on July 17 in which about 1 gallon (about 3.8 liters) of water splashed on the feet of one crewmember when it came through a valve near the sub's engine room. The water was not in direct contact with the nuclear reactor.

The U.S. Navy explained that the crewmember who was exposed to the water, proved to be unaffected and that the amount of leaked radiation was estimated at 0.5 micro-curie at the most -- the level equivalent to being exposed to a 50 pounds (22 kilograms) of plant fertilizer (in daily life).

18) Koumura learned of U.S. submarine radiation leak through CNN report; Harshly raps administrative officers

TOKYO SHIMBUN (Page 1) (Full)
August 3, 2008

A Foreign Ministry department was notified on August 1 by the U.S. side on the leak of radiation from the USS Houston, the nuclear-powered submarine that had docked in Sasebo, Nagasaki Prefecture. But the office did not report the matter to Prime Minister Yasuo Fukuda, Foreign Minister Masahiko Koumura, Defense Ministry, and other nerve centers of the government, it was learned on August 2. Chief Cabinet Secretary Nobutaka Machimura in a press conference expressed strong displeasure, saying: "It was pretty bad. It was about radiation. The office should have announced it immediately."

The Foreign Ministry was notified of the matters from the U.S. government on the afternoon of August 2. A Foreign Ministry official explained, "We judged the amount of radiation would not have any impact on humans or the environment." When the Houston docked in Japanese ports in March and April, no abnormal figures were detected in radiation examinations. For this reason, the Foreign Ministry kept the information to itself without reporting it to other government offices and municipalities concerned, such as Sasebo.

Koumura learned of the matter through a CNN television report on the morning of August 2. After seeing the report, Koumura reportedly

immediately confirmed the fact with administrative officials. Koumura harshly criticized the ministry's inappropriate handling of the matter, saying: "I ordered the ministry to announce such information immediately. It should have been made public much earlier."

19) Foreign Ministry failed to report U.S. submarine's radiation leak to Kantei

SANKEI (Page 1) (Full)
August 3, 2008

The Foreign Ministry failed to report to Foreign Minister Masahiko Koumura and the Prime Minister's Official Residence (Kantei) the information it had obtained that the U.S. Navy nuclear-powered submarine USS Houston that had docked in Sasebo, Nagasaki Prefecture, in late March leaked a small amount of radiation, it was learned yesterday. Foreign Minister Koumura in a press conference yesterday harshly criticized the Foreign Ministry's office that had been responsible for the matter.

Koumura learned of the radiation leak through a CNN television report yesterday morning. The Foreign Ministry department that received the information on August 1 from the United States reportedly did not make it public, judging that the amount of radiation leaked was low that would not have any impact on humans. Koumura expressed a strong sense of displeasure, saying: "The office should have announced it much earlier. (Whether the amount was minute or not) was not the rightful reason (not to make the information public). It is simply unacceptable."

Chief Cabinet Secretary Nobutaka Machimura, too, in a news conference yesterday, called for speedy reporting to the Kantei, saying: "It is pretty bad. It's about radiation. Once the Foreign Ministry is notified by the U.S. government, it should report the matter immediately to the Kantei to make it public."

According to the U.S. Navy, the nuclear-powered submarine had been leaking minute amounts of radiation for several months since March. The leak was found in a regular inspection on July 16. The submarine had docked in Sasebo for a week. It also visited Guam and Hawaii.

20-1) U.S. base-hosting municipalities becoming distrustful of Japanese government that failed to report on U.S. submarine's radiation leak

NIKKEI (Page 11) (Full)
Evening, August 2, 2008

A radiation leak by a U.S. Navy nuclear-powered submarine has come to light through a CNN television report. Was the government's communication system functioning properly? Residents of Sasebo, Nagasaki Prefecture, are becoming distrustful of the government, because it failed to announce the fact.

The Japanese government was notified on August 1 by the U.S. side about the leak. But the information on the leak did not reach Sasebo until a news program reported it. Masahide Haraguchi, the 59-year-old head of Sasebo city's bureau in charge of U.S. military base programs, said: "I wonder why the Foreign Ministry didn't tell local communities after it learned of the incident. I wish they had handled the matter properly even if the leak was not problematic."

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Mayor Tsuneo Chinen of Uruma, Okinawa Prefecture, where the USS Houston, the nuclear-powered submarine that leaked radiation, docked for a short period of time, also expressed concern, saying: "The matter is too serious to overlook. Radiation must not be leaked, even a minute amount."

According to the Okinawa Prefecture base affairs department, the Houston docked in the U.S. Navy base of White Beach for 24 minutes on March 12 replenishing supplies. The level of radiation in an inspection conducted at that time was reportedly normal.

The nuclear-powered aircraft carrier George Washington is scheduled to be deployed at Yokosuka, Kanagawa Prefecture. Yokosuka base affairs division director Masashi Suzuki said: "(As of August 2), there has been no notice. I think there will be an explanation of some sort, but we won't know anything until we hear an explanation."

20-2) Japan, U.S. required to mutually report on radiation accidents

during port calls in Japan

NIKKEI (Page 11) (Full)
Evening, August 2, 2008

When U.S. nuclear-powered vessels enter Japanese ports, Japan and the United States are required to sample air and seawater in order to check the level of radiation and to report to each other swiftly when an accident occurs.

When U.S. nuclear-powered vessels enter, leave, or are docked at Japanese ports, such as Sasebo, the Japanese side also checks air and seawater to detect possible radiation leaks by using radiation measuring instruments set at bases and their vicinity. The Education, Science and Technology Ministry collects seawater and seabed mud by using Japan Coast Guard radiation research vessels to find any anomalies. However, Japan is reportedly not allowed to conduct onboard inspections from the perspective of protecting military secrets.

After a U.S. nuclear-powered submarine left Yokosuka port in September 2006, a minute amount of Cobalt 60, a radioactive substance, was detected in seawater collected by the Japanese side. But the U.S. Navy concluded that there was no problem aboard the submarine.

21) Fukuda to instruct Yosano today to produce comprehensive economic package this week

YOMIURI (Page 2) (Full)
August 4, 2008

Prime Minister Fukuda will call in Minister of Economy, Trade and Industry Yosano to the Prime Minister's Office this morning to instruct him to produce a package of comprehensive economic measures this week to cope with skyrocketing oil and food prices and an economic slowdown.

Fukuda will order Yosano to compile a policy package to quickly erase public uneasiness and dissatisfaction about price hikes and other problems, as well as to sweep away people's concern about the economy. The package is likely to include measures to boost aid to

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small businesses and to industries related to agriculture, forestry and fisheries, which are suffering from the recent steep rise of oil prices. The package is also expected to include measures to promote energy conservation and new energy.

As key points in drawing up measures, the following three points will be QQQLQxQl or stopgap measures; and (3) maintain the policy of keeping fiscal soundness, as well as promote examining government disbursements and reviewing the special accounts simultaneously.

22) Government, ruling parties now looking into submitting supplementary budget to upcoming extraordinary Diet session as measure to address soaring crude oil, food prices

NIKKEI (Page 1) (Full)
August 4, 2008

The government and the ruling camp yesterday started looking into the possibility of submitting a supplementary budget for the current fiscal year to the upcoming extraordinary Diet session. Their judgment is that it will be necessary to make fiscal disbursements in a flexible way in order to cope with soaring crude oil and food prices and a slowing domestic economy. With the next Lower House election in mind, some in the ruling parties are calling for large-scale fiscal disbursements so as to demonstrate their stance of attaching importance to the economy. This will likely generate vigorous discussions about the scale and specifics of fiscal disbursements.

Referring to the possible compilation of a supplementary budget, Chief Cabinet Secretary Nobutaka Machimura during a TV program that

day noted, "Such a judgment must be made at the appropriate time. We will do whatever necessary during the extraordinary session in a flexible manner." Appearing on another TV talk show, he said, "We are ready (to compile a supplementary budget), if necessary."

Finance Minister Bunmei Ibuki also noted, "The government will use the budget ahead of schedule to implement measures to boost the economy." He then indicated the government policy of looking into compiling a supplementary budget, saying that it would make efforts to implement the budget for the current fiscal year ahead of schedule and consider what to do, when it is used up.

Concerning specifics to be incorporated in a supplementary budget, the finance minister said that the focus will be on measures to address soaring crude oil prices. He noted, "The first thing we should do is to take emergency individual measures for businesses that cannot pass higher costs along to consumers, such as farmers, commercial fishermen, livestock farmers and the trucking industry." Environment Minister Tetsuo Saito (New Komeito) pointed out, "All policy measures, including fiscal disbursements, should be fully mobilized."

Machimura said, "It is questionable whether the situation now requires tax cuts and a substantial increase in spending. Measures that greatly deviate from the government policy of bringing the primary balance into the black by fiscal 2011 should not be taken." He thus indicated a cautious stance toward large-scale fiscal disbursements that could lead to a change in the fiscal reconstruction policy line.

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23) Hiking consumption tax next fiscal year difficult, says Chief Cabinet Secretary Machimura; Unavoidable over mid- to long-term

SANKEI (Page 1) (Full)
August 4, 2008

Chief Cabinet Secretary Nobutaka Machimura, appearing on NHK and TV Asahi talk shows on August 3, indicated a negative view on a hike in the consumption tax in fiscal 2009. He said, "The economy is showing signs of losing steam. Given the current economic situation, it would be rather difficult to decide to raise the consumption tax in the tax code revision for next year."

Concerning the issue of raising the state contribution to the basic pension to 50 PERCENT starting in fiscal 2009, Machimura pointed out, "It must be implemented, because the increase is stipulated by law." Regarding fiscal resources to finance the increase, he indicated his perception that it would be possible to finance the increase using reserves in the special account.

He also said, "The public expects improved social security and solid measures to ensure that. It is necessary to indicate a mid-term vision to the public." He thus indicated that it raising the consumption tax over the medium term will be unavoidable.

Referring to measures to address rising prices in the wake of the steep rise in crude oil prices and the economic slowdown, Finance Minister Bunmei Ibuki on an NHK talk show of the same day said, "We will implement the budget ahead of schedule in order to boost the economy." He thus indicated that the government will deal with those issues by implementing the fiscal 2008 budget ahead of schedule for the time being. He at the same time indicated his stance of looking into a possible compilation of a supplementary budget, saying, "We must consider what do to when the budget is used up."

Machimura also stated, "We will take measures in the extraordinary Diet session in a flexible manner, if necessary."

24) Major cabinet ministers insist on need for economic stimulus measures

YOMIURI (Page 2) (Full)
August 4, 2008

Appearing on NHK and commercial TV programs yesterday, major members of the shuffled Fukuda cabinet reiterated the need for economy-spurring measures to deal with soaring oil and food prices, as well as economic slowdown.

Finance Minister Ibuki indicated a positive view about compiling a supplementary budget in a NHK program, saying: "Upon working out economic stimulus measures, the government will have to come up with additional steps." Chief Cabinet Secretary Machimura also commented: "We will flexibly take measures if necessary during the extraordinary Diet session."

On the scale of fiscal disbursements, Land, Infrastructure, and Transport Minister Tanigaki said: "There is room to come up with something other than fiscal disbursements." But Environment Minister Saito asserted: "Fiscal disbursements and measures that need no money should be fully employed."

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Asked about a consumption tax hike, Machimura stated: "Since there are signs of an economic slowdown, it might be difficult to decide to raise the consumption tax in FY2009."

Regarding the proposed constraint of growth in spending on social security to 220 billion yen in the budgetary request guidelines for FY2009, Machimura indicated that the government would secure 330 billion yen under a separate account as money to finance measures to implement key tasks and to cover the contained expenditures for social security with the money.

SCHIEFFER